



State of Arizona
Department of Education

Tom Horne
Superintendent of Public Instruction

School Finance
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School Finance Advisory Committee
Fiscal Year 2007

Monday, February 12, 2007

Logistics

Meeting Time

Please plan for a punctual arrival so the meeting can begin on time.

Meeting: 1:00 p.m. – 4:00 p.m.

Meeting Location

**Arizona State Capitol
Executive Tower Building
1700 West Washington
2nd Floor Conference Room
Phoenix, AZ 85007**

ADE Contact Info

Jill Heikkila
SFAC Project Coordinator
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School Finance Unit
Arizona Department of Education
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School Finance Advisory Committee
Fiscal Year 2007

Meeting Agenda

General		Start Time	Stop Time
Date	Monday, February 12, 2007	1:00 pm	4:00 pm
Location	Arizona State Capitol, Executive Tower Building, 1700 West Washington, 2 nd Floor Conference Room, Phoenix, AZ 85007		

Members			ADE Staff
Mr. Gary Bae	Dr. Gaye Leo	Mr. Michael D. Reed	Bonnie Betz
Ms. Patricia Beatty	Ms. Rita Leyva	Mr. George Ritchie	Bob Dohm
Mrs. Lana E. Berry	Mr. Scott Little	Mrs. Adrienne E. Sanchez	Teddy Dumlao
Mr. Daniel D. Bigler, CPA	Ms. Karen Mejia	Dr. Elizabeth M. Sanders	Harold Frederick
Mr. Mark E. Busch	Mrs. Lucia Marrufo	Mrs. Vickie L. Simmons, CPA	Lyle Friesen
Ms. Marcie K. Celaya	Mr. Brian L. Mee	Dr. Kenneth A. Smith	Dolores Gerritse
Mr. Paul Christensen	Ms. Montie Morris	Mr. Fred A. Stone III	Art Harding
Mr. Kent DeYoung	Ms. Linda F. Munk, M.Ed	Mr. Roger Studley	Art Heikkila
Ms. Lori Garvey	Mr. Quincy Natay, MBA	Mrs. Brenda Thomas	Jill Heikkila
Ms. Mary F. Gifford	Ms. Tina M. Norton	Mrs. Rose Whelihan	Vicki Salazar
Ms. Karen L. Havird	Mrs. Norma Pacheco	Mrs. K. Raechel Whitmer	Philip G. Williams
Mr. Ken Hicks	Mr. Kevin E. Price	Ms. Sandy Wilkins	
Ms. Michele Kaye	Mrs. Linda A. Proctor-Downing	Mr. George Zeigler	

Agenda
(Lyle Friesen) Review/Approval of December 2006 Minutes (handout)
(Jill Heikkila) Education Attendance Legislation/Excessive Absence/Absence Approval
(Jill Heikkila) Excused vs. Unexcused Absence Policy
(Bonnie Betz) 12 vs. 10 APOR Payments - Interest
(Lyle Friesen) December budget revisions technical correction of <\$1000
(Teddy Dumlao) Spring Cleaning
Report from subcommittees: <ul style="list-style-type: none">• Education Attendance Legislation
Call to the Audience
Adjournment

Next Meeting: Monday, April 9, 2007
1:00 – 4:00 pm

Location: Arizona State Capitol
Executive Tower Building
2nd Floor Conference Room
1700 West Washington
Phoenix, AZ 85007

Estimated Distribution Date of February 2007 Meeting Minutes: March 1, 2007

School Finance Advisory Committee Meeting Monday, December 11, 2006

Subject / Name	Issue	Suggestions / Resolution
Minutes Review	No corrections were made to the minutes.	
Education Attendance Legislation	<p>Senator John Huppenthal (Majority Whip) attended the first part of the meeting to discuss decreasing the complexity of reporting attendance to ADE. He asked that the SFAC form a subcommittee to investigate this issue and prepare some legislation on his behalf. The members of this subcommittee are:</p> <p>Jill Heikkila - ADE School Finance Chief of Staff Teddy Dumlao - ADE School Finance Director of Operations Support Bob Dohm - ADE School Finance System Training and Response Team Lead Mary Gifford - Arizona Virtual Academy George Zigler - Mesa Unified Tom Boatman – Mesa Unified Karen Havird - Gilbert Unified Ken Hicks - Dysart Unified Kevin Price - Scottsdale Unified Rose Whelihan - Scottsdale Unified Gary Bae - Leona Group John Huppenthal - AZ State Senate Majority Whip</p> <p>Reporting attendance in schools is causing an administrative burden and financial burden in how it interacts with financing and auditing practices. Senator Hupenthal gets the sense that the fundamentals of attendance has gone overboard. There should be something we can do to simplify this. He also stated that some complexity does need to exist to share money if a student is attending multiple LEAs. Senator Huppenthal asked that the SFAC subcommittee think through legislation to run through this year that boils out the complexity.</p>	Jill will notify the SFAC of any Education Attendance Legislation subcommittee recommendations.
12 vs. 10 APOR Payments	<p>Lyle learned that one reason that there are only 10 APOR payments instead of 12 is that the state generates interest on approximately \$240,000,000 for the two months that the districts are not paid. Karen stated that she would still like to approach getting 12 payments for the districts. Districts should be maximizing revenue and part of that is interest, which they are currently not receiving.</p> <p>Gary Bae recommended that we request JLBC do a cost study to determine the dollar amount of interest this is.</p>	<ol style="list-style-type: none"> 1. Bonnie Betz will obtain information to determine the interest rate the schools would earn and how much it would cost the state if funding was changed from 10 to 12 APOR payments. She will present her findings at the next SFAC meeting. 2. Bonnie agreed to send out an email to the County Treasurers regarding TANS to collect information.

School Finance Advisory Committee Meeting Monday, December 11, 2006

December Budget Revision – technical correction of <\$1000	Lyle spoke to Art Harding about the issue. Art said he would be willing to bring this technical correction up in legislation. Although, Art is concerned that it may not be simply a technical correction. Karen’s supervisor is concerned about using 4% as a measure because this could be a great deal of money. So Karen proposed a smaller percentage. The greater of \$1,000 (consider inflation for last 25 years) or .5%. George noted that AASBO is considering putting this together.	<ol style="list-style-type: none"> 1. Lyle will try to determine what would be equivalent to \$1000 today since the legislation with the \$1000 was written over 20 years ago. 2. Lyle will pass this information on to Chuck Essigs. 3. Lyle will also recommend to Art Harding.
Excessive Absence/Absence Approval	There is an inequity of acceptable absence percentage between types of districts (just high school, unified district, elementary district.) K-8 districts have a 6% rate, high school districts have an 8% rate, and unified districts have a 6% rate. Some Fed grants use the ADA though.	Rose Whelihan, Gary Bay and Kevin Price agreed to work with Jill to package Excessive Absence/Absence Approval for Phil to present to Superintendent Horne.
Excess Utilities – Sudden Growth	SF has only made the adjustment to the excess utilities calculation for FY 2006. SF is not adjusting prior years. This decision was made based on the fact that the majority of districts impacted due to the growth correction would see an increase in their overall budget capacity but a decrease in the excess utilities amount. On average, this change would still NET an increase in budget capacity. The utility formula will be adjusted for student growth each year, but not for ADM adjustments made after June 15 of each year.	
Excused vs. Unexcused	One of the questions at hand is, “What does a district do with a suspended student...when is it excused vs. unexcused?” Rose says suspension has always been identified as a withdrawal if it hits ten days. Bonnie included that with no further information from ADE, the district should defer to their governing board policy.	Jill will send Paul and George what she has on Excused vs. Unexcused and see what she can do about moving on with getting an ADE policy on it.
Concurrent Enrollment	Concurrent enrollment is being packaged with Capital Funding and Excessive Absence to be taken to Superintendent Horne for his 2007 legislative agenda.	
Request for notification of changes from SF	Karen wants to be better informed on any changes from School Finance. She used growth and excess utilities as an example of two situations in which the LEAs were not well informed about what was going on.	Bonnie stated that LEAs will receive emails on unrestricted capital and soft capital budget calculations.
SAIS Student Information and JTEDs	JTED classes should not be reported in district’s attendance minutes.	
Recommendation to SFB from SFAC re: report due dates, tie to AFRs	Karen requested of the SFAC that the SFB report requests should be due after the AFRs are due. It is tough that they have reports due to SFB in September when AFRs are not even due for another six weeks after that. She requested that the date be changed to October 31.	Karen will draft a letter recommending an October 31 due date for SFB reports and Jill will send to SFAC for a vote.

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CSF Funding Shortfall Subcommittee	This committee has been communicating through email. Currently, there is the possibility that there would be back pay. It was based upon what was received by the state. If we leave it as is, the LEAs will never match the state numbers. Subcommittee agrees to leave it as is now and try to make up deficit with excess revenues.	Bonnie agreed to draft a memo in the Spring to notify the LEAs of the current year CSF revenues. In the event that these revenues exceed budget capacity, SF will work with JLBC in consideration of paying back prior years CSF budget capacity.
Next Meeting	Monday, February 12, 2006	Arizona State Capitol Executive Tower Building 2nd Floor Conference Room 1700 West Washington Phoenix, AZ 85007

School Finance Advisory Committee Meeting Monday, December 11, 2006

Action Items / Commitments	
Jill Heikkila	<ul style="list-style-type: none"> • Jill will notify the SFAC of any Education Attendance Legislation subcommittee recommendations. • Jill will send Paul and George what she has on Excused vs. Unexcused and see what she can do about moving on with getting an ADE policy on it. • Karen will draft a letter recommending an October 31 due date for SFB reports and Jill will send to SFAC for a vote.
Karen Havird	<ul style="list-style-type: none"> • Karen will draft a letter recommending an October 31 due date for SFB reports and Jill will send to SFAC for a vote.
Bonnie Betz	<ul style="list-style-type: none"> • Bonnie Betz will obtain information to determine the interest rate the schools would earn and how much it would cost the state if funding was changed from 10 to 12 APOR payment. She will present her findings at the next SFAC meeting. • Bonnie agreed to send out an email to the County Treasurers regarding TANS upon Karen's request. • Bonnie stated that LEAs will receive emails on unrestricted capital and soft capital budget calculations. • Bonnie agreed to draft a memo in the Spring to notify the LEAs of the current year CSF revenues. In the event that these revenues exceed budget capacity, SF will work with JLBC inconsideration of paying back prior year CSF budget capacity.
Lyle Friesen	<ul style="list-style-type: none"> • Lyle will try to determine what would be equivalent to \$1000 today since the legislation with the \$1000 was written over 20 years ago. • Lyle will pass this information on to Chuck Essigs. • Lyle will also recommend to Art Harding.
Rose Whelihan, Gary Bae, Kevin Price and Jill Heikkila	<ul style="list-style-type: none"> • Rose Whelihan, Gary Bay and Kevin Price agreed to work with Jill to package Excessive Absence/Absence Approval for Phil to present to Superintendent Horne.

School Finance Advisory Committee Meeting

Monday, December 11, 2006

Members in Attendance

Members			ADE Staff
Gary Bae	Ken Hicks	Linda Munk	Bonnie Betz
Patricia Beatty	Michele Kaye	Kevin Price	Bob Dohm
Marcie Celeya	Rita Leyva	Brenda Thomas	Lyle Friesen
Paul Christensen	Lucia Marrufo	Rose Whelihan	Jill Heikkila
Angela Germinaro	Karen Mejia	Sandy Wilkins	
Mary Gifford	Montie Morris	George Zeigler	
Karen L. Havird			
Special Guest: Senator John Huppenthal (Majority Whip)			

Acronyms

AASBO	Arizona Association of School Business Officials	M&O	Maintenance and Operation Fund
ADE	Arizona Department of Education	NAVIT	Northern Arizona Vocation Institute of Technology
ADM	Average Daily Membership	RTC	Regional Training Center
AFR	Annual Financial Reports	SAN	Storage Area Network
AG	Auditor General	SDAR	Student Detail Activity Report
CCD	Common Core Data	SDER	School District Employee Report
CEC	Certificate of Education Convenience	SF	School Finance
CSF	Classroom Site Fund	SFAC	School Finance Advisory Committee
EVIT	East Valley Institute of Technology	SFB	School Finance Board
IRR	Instructions for Required Reports	SMS	Student Management System
JTED	Joint Technological Education District	USFR	Uniform System of Financial Records
LEA	Local Education Agency		